

new

CANADA CRUSHED & CUT STONE  
LIMITED

HAMILTON, ONTARIO

*Annual Report*



AS AT DECEMBER 31st, 1964



# CANADA CRUSHED & CUT STONE LIMITED

DIRECTORS

J. C. BURD	-	-	-	-	-	-	-	-	Niagara Falls, Ontario
J. R. DOOLITTLE	-	-	-	-	-	-	-	-	Ancaster, Ontario
G. W. HEALEY	-	-	-	-	-	-	-	-	Toronto, Ontario
D. H. HENDERSON	-	-	-	-	-	-	-	-	Hamilton, Ontario
N. M. PEECH	-	-	-	-	-	-	-	-	Worksop, Notts, England
N. P. PITTS	-	-	-	-	-	-	-	-	Montreal, Quebec
J. B. ROTHWELL	-	-	-	-	-	-	-	-	Burlington, Ontario
G. G. RYAN, O.B.E.	-	-	-	-	-	-	-	-	Montreal, Quebec
E. H. SANCTON, B.Eng.	-	-	-	-	-	-	-	-	Burlington, Ontario
W. STOCKS, M.B.E.	-	-	-	-	-	-	-	-	Worksop, Notts, England

## OFFICERS

N. M. PEECH - - - - - - - - *Chairman of the Board*  
D. H. HENDERSON - - - - - - - - - - *President*  
J. R. DOOLITTLE - - - - - - - - - - *Vice-President*  
Crushed Stone Division  
D. E. STEELE - - - - - - - - - - *Secretary-Treasurer*  
W. A. BRUNNER - - - - - - - - *Assistant Secretary-Treasurer*

**REGISTRAR and TRANSFER AGENT**

National Trust Company Limited - - - - - Toronto, Ontario

## AUDITORS

McDonald, Currie & Co.

# CANADA CRUSHED & CUT STONE LIMITED AND SUBSIDIARIES

## REPORT TO THE SHAREHOLDERS

Your Directors submit herewith the Fourteenth Annual Report of the Company covering its operations for the year ended December 31, 1964.

### Group Activities

The financial results from operations in 1964 exceeded the expectations of a year ago due to the high volume of business and satisfactory profits secured by all members of the group.

Production and sales at Dundas were good, with general crushed stone sales reaching a record high, due to the continuation of new highway construction in the area.

The Queenston Quarries operated at capacity with special emphasis on building stone production to meet the increased demand for cut stone. The changes and additions to the Saw Mill mentioned in last year's report proved most beneficial and enabled the Mill to secure a major increase in production. Continuation of the good demand for building stone appears assured for 1965, while substantial orders for crushed stone and asphalt mixes have been booked.

The Ritchie Cut Stone Company Limited secured a satisfactory number of cut stone contracts and ended the year with a good backlog of orders for 1965.

The unusually large volume of construction work across Canada was beneficial to Mills Steel Products Limited and resulted in increased sales of diversified construction products.

As reported in July, Drummond & Reeves Limited, Toronto, Ontario, was acquired as of March 14, 1964. This new subsidiary is a long established Company well-known in the construction field, and strategically located in Toronto. Operations will be closely allied with those of Mills Steel Products Limited and mutually advantageous to both Companies.

National Slag Limited in which we hold a one-third interest had a satisfactory year and paid a dividend on the common stock.

# CANADA CRUSHED & CUT STONE LIMITED AND SUBSIDIARIES

## Consolidated Statement of Profit and Loss

The consolidated earnings before provision for income taxes were \$1,113,255 compared with \$863,927 for 1963. Net profit after taxes was \$608,755 compared with \$446,230 the previous year. It will be noted that income taxes have been reduced by \$49,813 due to carrying forward losses incurred in prior years by subsidiary companies.

## Balance Sheet and Consolidated Statement of Surplus

Capital expenditures for the year were substantial and amounted to \$534,947 an increase of \$168,063 over 1963. These funds were used principally for modernization and enlargement of existing plant and equipment. Depreciation and depletion charges totalled \$404,590 compared with \$370,912 last year.

## Dividends

On October 7, 1964, the Directors increased the quarterly dividend from 20 cents per share to 25 cents per share.

A dividend of 25 cents per share for the first quarter of 1965 has been declared payable March 15, 1965, to Shareholders on record February 12, 1965.

## Appreciation

Your Directors wish to thank all staff members and employees for their loyal co-operation throughout the year.

## Prospects

We enter 1965 with optimism due to the apparent buoyancy of the Canadian economy in general and the construction industry in particular.

On behalf of The Board of Directors,

D. H. HENDERSON,  
President.

Hamilton, Ontario,  
19th February, 1965.

**CANADA CRUSHED &  
A N D S U B**  
(Incorporated under)

**CONSOLIDATED BALANCE SHEET**  
(With comparative figures)

A S S E T S

	December 31	
	1964	1963
<b>CURRENT ASSETS</b>		
Cash .....	\$ 187,710	\$ 122,957
Short term loans and investments—at cost .....	1,038,581	1,204,835 (quoted market value \$1,054,553)
Accounts receivable, less provision for doubtful accounts .....	1,601,128	1,129,679
Accounts receivable—affiliated companies .....	19,988	16,075
Inventories of crushed stone, cut and uncut building stone, building material, etc. — at the lower of cost or market .....	813,591	702,953
Income taxes recoverable .....		309
Prepaid expenses .....	49,115	37,570
	<hr/>	<hr/>
	<b>\$ 3,710,113</b>	<b>\$ 3,214,378</b>
<b>DEFERRED CHARGES AND OTHER ASSETS</b>		
Investment in National Slag Limited shares — at cost, less redeemed .....	\$ 12,500	\$ 12,500
License — at cost, less amounts written off .....		14,000
Scaffold equipment — at cost, less amounts written off .....	304,435	198,039
	<hr/>	<hr/>
	<b>\$ 316,935</b>	<b>\$ 224,539</b>
<b>FIXED ASSETS</b>		
Land — at cost .....	\$ 170,661	\$ 123,632
Buildings, plant and equipment (see note) .....	\$ 7,684,669	\$ 7,157,264
Accumulated depreciation .....	5,347,902	4,825,056
	<hr/>	<hr/>
	<b>\$ 2,336,767</b>	<b>\$ 2,332,208</b>
Stone quarries — at cost .....	\$ 1,218,038	\$ 1,218,038
Provision for depletion .....	626,058	600,411
	<hr/>	<hr/>
	<b>\$ 591,980</b>	<b>\$ 617,627</b>
	<hr/>	<hr/>
	<b>\$ 3,099,408</b>	<b>\$ 3,073,467</b>
	<hr/>	<hr/>
	<b>\$ 7,126,456</b>	<b>\$ 6,512,384</b>

**AUDITORS' REPORT**

We have examined the consolidated balance sheet of Canada C and the consolidated statements of profit and loss and surplus for t of the accounting procedures and such tests of accounting record circumstances.

In our opinion, the accompanying consolidated balance sheet a in conjunction with the notes appended thereto, present fairly the 1964, and the consolidated results of their operations for the year principles applied on a basis consistent with that of the preceding y

HAMILTON, January 27, 1965.

# CUT STONE LIMITED

## DIARIES

laws of Ontario)

AS AT DECEMBER 31, 1964

at December 31, 1963)

### L I A B I L I T I E S

	December 31	
	1964	1963
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities .....	\$ 641,570	\$ 352,573
Income and other taxes payable .....	219,201	226,859
	<hr/>	<hr/>
	\$ 860,771	\$ 579,432
<b>ACCUMULATED TAX REDUCTIONS APPLICABLE TO FUTURE YEARS (see note) .....</b>		
	37,500	
	<hr/>	<hr/>
	\$ 898,271	\$ 579,432

### S H A R E H O L D E R S ' E Q U I T Y

#### CAPITAL STOCK

##### Authorized

5,000 6% cumulative redeemable (at \$105) sinking fund  
shares of a par value of \$100 each ..... \$500,000

200,000 Common shares without nominal or par value .....

##### Issued

190,000 Common shares ..... \$ 95,000 \$ 95,000

#### EXCESS OF APPRAISED VALUE OF FIXED ASSETS

OVER DEPRECIATED COST (see note) ..... 2,390,418 2,390,418

REALIZED APPRAISAL SURPLUS ..... 760,378 760,378

EARNS SURPLUS ..... 2,982,389 2,687,156

---

\$ 6,228,185 \$ 5,932,952

---

\$ 7,126,456 \$ 6,512,384

APPROVED ON BEHALF OF THE BOARD,

D. H. HENDERSON, *Director*

GERALD G. RYAN, *Director*

#### THE SHAREHOLDERS

ed & Cut Stone Limited and subsidiaries as at December 31, 1964,  
ear ended on that date. Our examination included a general review  
and other supporting evidence as we considered necessary in the

onsolidated statements of profit and loss and surplus, when read  
solidated financial position of the companies as at December 31,  
ed on that date, in accordance with generally accepted accounting

McDONALD, CURRIE & CO.  
CHARTERED ACCOUNTANTS.

**CANADA CRUSHED & CUT STONE LIMITED  
AND SUBSIDIARIES**

**CONSOLIDATED STATEMENT OF SURPLUS  
FOR THE YEAR ENDED DECEMBER 31, 1964**

(With comparative figures for the year ended December 31, 1963)

	December 31	
	1964	1963
<hr/>		
EXCESS OF APPRAISED VALUE OF FIXED ASSETS OVER DEPRECIATED COST		
Balance—December 31, 1963 .....	\$ 2,390,418	\$ 2,390,073
Adjustment re redemption of preference shares of subsidiary and retirement of minority interest in subsidiary .....	345	
Balance—December 31, 1964 .....	<hr/> \$ 2,390,418	<hr/> \$ 2,390,418
<hr/>		
REALIZED APPRAISAL SURPLUS		
Balance—December 31, 1964 .....	\$ 760,378	\$ 760,378
(no change during the year)		
<hr/>		
EARNED SURPLUS		
Balance—December 31, 1963 .....	\$ 2,687,156	\$ 2,542,305
Net profit for the year .....	608,755	446,230
Gain on sale of Toronto property .....	6,857	
	<hr/> \$ 3,302,768	<hr/> \$ 2,988,535
<hr/>		
Transfer to accumulated depreciation being amortization of revaluation of fixed assets for the year ended December 31, 1964 .....	\$ 158,879	\$ 158,879
Dividends—Common .....	161,500	142,500
	<hr/> \$ 320,379	<hr/> \$ 301,379
<hr/>		
Balance—December 31, 1964 .....	\$ 2,982,389	\$ 2,687,156
<hr/>		

**CANADA CRUSHED & CUT STONE LIMITED  
AND SUBSIDIARIES**

**CONSOLIDATED STATEMENT OF PROFIT AND LOSS**

**FOR THE YEAR ENDED DECEMBER 31, 1964**

(With comparative figures for the year ended December 31, 1963)

	December 31	
	1964	1963
Profit from operations before the following charges .....	\$ 1,435,767	\$ 1,149,654
Depreciation provision .....	\$ 378,942	\$ 348,006
Depletion provision .....	25,648	22,906
Directors' fees .....	8,740	7,810
	<hr/>	<hr/>
	\$ 413,330	\$ 378,722
	<hr/>	<hr/>
Profit from operations .....	\$ 1,022,437	\$ 770,932
	<hr/>	<hr/>

**FINANCIAL**

Investment income .....	\$ 86,254	\$ 93,794
Gain on sale of investments .....	5,835	14,213
	<hr/>	<hr/>
	\$ 92,089	\$ 108,007
Less: Loan interest .....	1,271	15,012
	<hr/>	<hr/>
	\$ 90,818	\$ 92,995
	<hr/>	<hr/>
Profit before taxes on income .....	\$ 1,113,255	\$ 863,927
Taxes on income .....	554,313	417,697
Reduction of taxes on application of losses of prior years .....	(49,813)	
	<hr/>	<hr/>
Net profit for the year .....	\$ 608,755	\$ 446,230
	<hr/>	<hr/>

# CANADA CRUSHED & CUT STONE LIMITED AND SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 1964

1. The consolidated statements as at December 31, 1964, include the assets, liabilities and earnings of Drummond & Reeves Limited and its subsidiary, Building Specialties Limited, which was acquired by Mills Steel Products Limited as at March 14, 1964. The fixed assets of the newly acquired companies are stated at cost less the difference between the cost of shares and the book value of the net assets at the time of acquisition.

The loan interest paid amounting to \$1,271 was on an indebtedness of Drummond & Reeves Limited which was retired during the year.

2. The buildings, plant and equipment of Canada Crushed & Cut Stone Limited and its subsidiary, Queenston Quarries Limited, are stated at sound values as at April 30, 1951, as appraised by Chas. Warnock & Co., Limited, with subsequent additions at cost. The buildings, plant and equipment of The Ritchie Cut Stone Company, Limited are stated at their replacement cost after deducting depreciation at April 30, 1951, as reported by Canadian Appraisal Company Limited with subsequent additions at cost. As a result of these appraisals fixed assets were written up by \$4,407,369. Fixed assets sold and retired to date have reduced the write-up by \$1,545,514 to \$2,861,855.

The accumulated amortization on the appraisal write-up is \$1,763,049 leaving a net book value on the write-up of \$1,098,806.

3. Depreciation has been provided at the maximum amount allowable for income tax purposes on cost of fixed assets, except for Mills Steel Products Limited, which has used rates slightly lower than maximum on a basis consistent with prior years. Depreciation does not include amortization of \$158,879 for the year ended December 31, 1964, of the excess over cost of buildings, plant and equipment resulting from the revaluation based on independent appraisal as at April 30, 1951. Such amortization (which is not deductible for income tax purposes) has not been provided for in the consolidated statement of profit and loss but has been charged to earned surplus.

4. The "Current year's tax reduction" of \$37,500 is the amount by which income taxes otherwise payable in respect of the year have been reduced by claiming for tax purposes capital cost allowances in excess of the depreciation recorded in the accounts. This difference is applicable to those future periods in which the amounts claimed for tax purposes will be less than the depreciation recorded in the accounts and is accordingly included in the balance sheet in the item "Accumulated Tax Reductions Applicable to Future Years".



# **CANADA CRUSHED & CUT STONE LIMITED AND SUBSIDIARIES**

## **HEAD OFFICE:**

HARBOUR ADMINISTRATION BUILDING  
Hamilton, Ontario

## **QUARRIES:**

DUNDAS, ONTARIO  
HAGERSVILLE, ONTARIO  
QUEENSTON, ONTARIO

## **BUILDING MATERIALS WAREHOUSE and DOCKS:**

Hamilton, Ontario

## **SUBSIDIARY COMPANIES:**

DRUMMOND & REEVES, LIMITED  
Toronto, Ontario

MILLS STEEL PRODUCTS LIMITED  
Hamilton, Ontario

NATIONAL CUT STONE LIMITED  
Hamilton, Ontario

QUEENSTON QUARRIES LIMITED  
Niagara Falls, Ontario

THE RITCHIE CUT STONE COMPANY, LIMITED  
New Toronto, Ontario